

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6439**

**BILL NUMBER:** SB 193

**DATE PREPARED:** Feb 26, 2002

**BILL AMENDED:** Feb 25, 2002

**SUBJECT:** Annexation of Agricultural Land.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill adds Danville, Brownsburg, Fortville, McCordsville, and Cumberland to the municipalities that may exempt agricultural land from municipal property tax liability when the land is annexed and until the land is rezoned. It requires territory annexed by Avon, Plainfield, Danville, and Brownsburg to be contained within one township. The bill updates population parameters to reflect changes in the 2000 decennial census.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (Revised) Under current law, all Lake County municipalities and Plainfield, Avon, Michigan City, and Westfield may annex property classified as agricultural and exempt that property from the municipality's portion of property taxes until the property's classification is changed. This bill would allow the towns of Danville, Brownsburg, Fortville, McCordsville, and Cumberland to do the same.

Currently, land to be annexed by Avon and Plainfield must be entirely located within the township where the municipality is primarily located. Under the proposal, this restriction would also be valid for Brownsburg and Danville.

Agricultural land has a relatively low value for property tax purposes. Exemptions of this type of property from property taxes would not represent very much valuation. This provision would not reduce the property

tax base for those taxing units that currently serve the property. The provision would, however, keep the value of this property from being added to the municipality's tax base. The exemption would prevent the shifting of municipal property taxes onto agricultural land. Total local revenues would not be affected.

Municipalities could annex agricultural property in anticipation of a future project. A building project could ultimately have a positive fiscal impact in and surrounding the municipality.

**State Agencies Affected:**

**Local Agencies Affected:** Towns of Danville, Brownsburg, Fortville, McCordsville, and Cumberland.

**Information Sources:**